

Request for expression of Interest

Appendix B - Additional Information



Honey Creek Resort State Park

Iowa Department of Natural Resources

**October
2005**

The Market

Key market information and data related to demographics are summarized below. The detailed Market and Financial Analysis document is available upon request in electronic format.

Demographics

Visitors and clientele for Honey Creek Resort State Park will primarily come from the drive-to resident market surrounding the park. The shorter-term/ weekend guests are likely to be predominantly from within the primary market area and longer-term guests will come from both primary and secondary markets. The trends and characteristics of these markets are as follows:

- The total population in the entire trade area is estimated to grow from approximately 19.8 million in 2003 to 20.6 million in 2008 with a projected growth rate of 4.5%.
- The number of households is estimated to grow from 7.6 million to 8.1 million during the same period, a 6% increase.
- The average household size in the market area is 2.4 persons per household.
- The age distribution of the population shows a slight trend toward an older population in the projected five-year period from 2003 to 2008.
- In 2008, the age group 20–65 years, with 57% of the population, is projected to be the largest in the market area, followed by the age group under 20 years with 26%, and over 65 with 17% of population.
- In 2008, the resident market, 0-50 miles away from the resort location, is projected to be the smallest market segment with 1% of the market area population.

- In 2008, the primary market, 50-130 miles away from the resort location, is projected to have a volume of 11% of the market area population.
- In 2008, the secondary market, 130-270 miles away from the resort location, is projected to be the largest market segment with a volume of 87% of the market area population.

Anticipated capture rates for each of the market areas reflecting total people and households as well as their income characteristics are summarized below.

Income

Our target market for overnight guests to the resort is forecasted to be households earning more than \$50,000. The overall trend in household income for the market area shows an increase in the number of high-income households and a decrease in the number of the mid- and low- income households.

- In 2003, the number of households with an annual household income between \$15,000 and \$34,999 is the largest, with 23.2% of all households.
- In 2008, the income group with \$50,000 to \$74,999 is projected to be the single largest with 20.8% of all households.

By 2008, households within the groups of \$75,000

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Iowa Tourism

Statistics for overnight tourism show a skewing toward leisure travel, with the largest majority of these visitors staying with friends and family. The clientele intended to be “captured” by the resort includes visitors with moderate to high participation in outdoor activities – the key attraction of Honey Creek. Iowa data shows the following:

- In 2002, Iowa received approximately 17.1 million visitors, a 7% increase from the previous year of 16 million visitors.
- Leisure Visitors accounted for 12.4 million or 73%.
- Business Visitors accounted for 2.6 million or 15%.
- Minnesota and Illinois remain the top out-of-state origin markets.
- Average length of stay for overnight leisure visitors was 2.4 nights.
- Overnight business travelers stayed on average of 3.5 nights.
- Overnight visitors staying at hotels/motels and B&Bs stayed an average of 1.9 nights.

Visitor Activities include 30% shopping, 10% outdoor activities, 9% gaming, 8% visiting

historical places and museums, 5% attending sporting events and festivals.

Lodging – Demand Summary

Demand for hotel rooms will be generated by two key sources – leisure and meeting-related business. Room-night demand comes from several sources including a capture of the existing demand in the marketplace. Most nights will be generated by leisure travelers. The meeting market will tap into corporate and association demand, heavily drawing from the business community in Des Moines and the surrounding rural marketplace. This element may be augmented by training needs of local educational facilities.

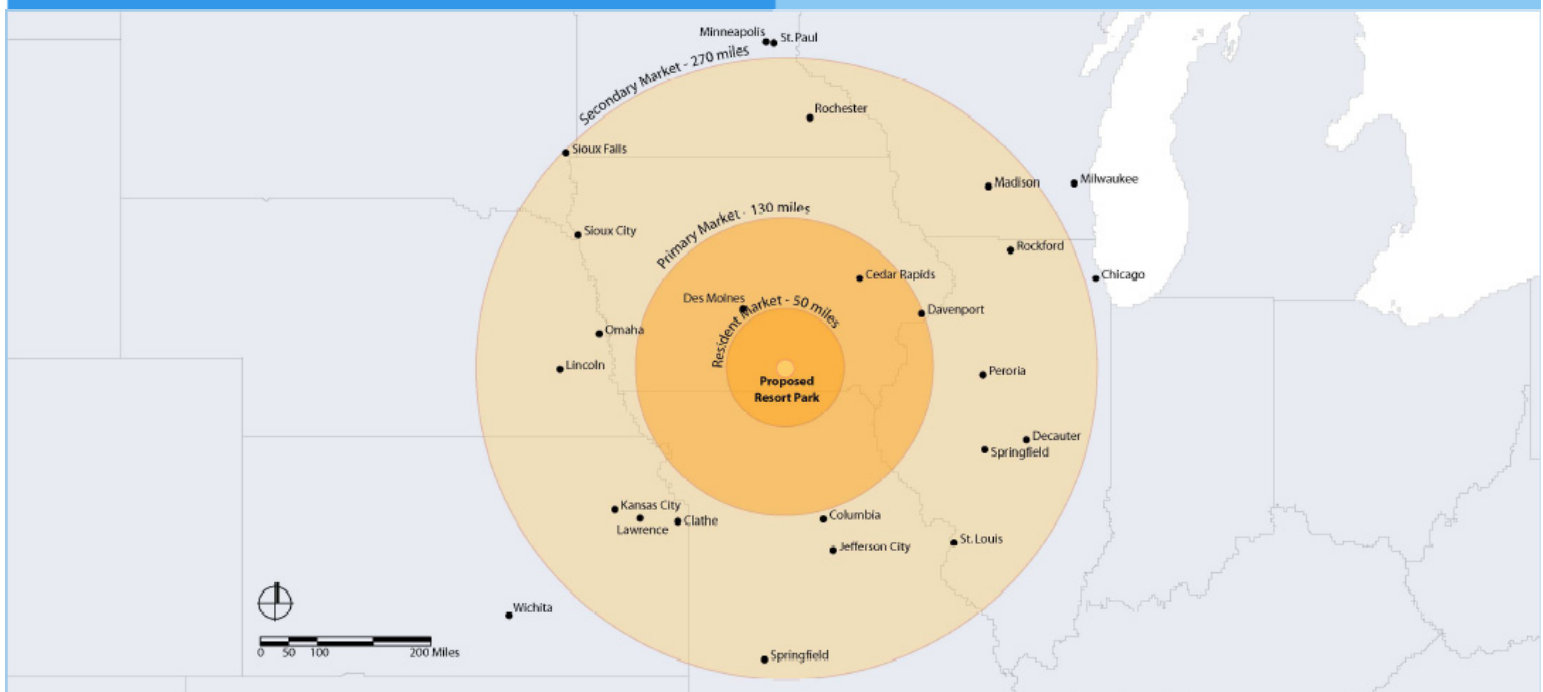
Leisure Market

- Capture of Current Demand 1,763 Room-Nights
- Primary Market 5,200 Room-Nights
- Secondary Market 18,200 Room-Nights

Business & Meetings Market

- Corporate 2,590 Room-Nights
- Associations 675 Room-Nights
- State, Military, Education, Religious, and Federal 750 Room-Nights

Total 29,178 Room-Night



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Cost

The estimated cost for full development of the 850-acre site is \$47 million. The State of Iowa is seeking a private partner who will, at a minimum, design, build and operate a 108-room lodge with conference facilities, family aquatic center, restaurant, and lounge; a park activity center building; an 18-hole golf course; a 20-30 site upscale RV campground with full hookups; a joint maintenance complex for the golf course and resort grounds; and approximately 35-37 family or group cabins. Other amenities such as the guest boat ramp, docking facilities, and semi-enclosed shelters may be designed, built and/or operated by either the State of Iowa or the private managing entity under the terms arrived at during future negotiations of a long term lease arrangement. Funding on hand or anticipated totals \$41.4 million and is comprised of the following: Revenue Bond—\$22.4 Million; Private Matching funds—\$4.0 Million; Parks and Institutional Road Funds—\$2.4 Million; State Marine Fuel Tax—\$1.5 Million; US Army Corp Appropriations—\$1.5 Million. The \$41.4 million total includes an assumption that the Iowa Legislature will take corrective action early in the 2006 legislative session to raise the cap on bonding sufficient to provide \$28 million in funds available for construction.

Minimum Public Responsibilities for Design, Construction and Operation:

Wastewater Collection/Treatment System	\$2.0 million
Roads, Parking, misc	\$3.6 million
Hiking and Multi-Purpose Trails	\$2.0 million
Regional Trail Development	\$1.0 million
Pedestrian Trail Bridge linking two Honey Creek Park Units Bridge	\$3.0 million
Sub-Total	\$11.8 million

Minimum Private Commitment sought – Design, Bid, Build and Operate the following:

108-room Lodge/Restaurant/Lounge/Aquatic Center/Activity Center Building (financed by bonds) ...	\$19.9 million
Maintenance Facility for golf and resort grounds	\$1.1 million
Approximately 35-37 Family and Group Cabins (averaging \$120,000 each, financed by bonds)	\$4.4 million
Golf Course (financed by bonds)	\$6.4 million
20-30 unit upscale RV Campground	\$0.5 Million
Sub-Total (with \$28 million coming from revenue bonds sold by the State of Iowa)	\$32.3 million

Elements subject to Negotiations for design, construction, operation and management:

Beach Area/Boat Ramp/Guest Docking/Parking	\$2.0 million
Day Use/Picnic Areas/Semi Enclosed Shelters	\$1.5 million

Grand Total \$47.6 million

The estimated costs listed above are based on 2003 dollars, and include contingencies of approximately 25% for design costs or adjustments to program elements and their associated design costs.

Additional Contributed Services and Facilities (estimated):

Rathbun Regional Water Association (Water Service)	\$0.5 million
Chariton Valley Electric Cooperative (Electrical Service)	\$1.0 million
Entrance Road Design (provided by Appanoose County)	\$1.15 million

Financial Analysis Summary

The financial analysis has initially developed parameters and conclusions that reflect the market dynamics. In addition to lodge rooms, there will be revenue-generating cabins, conference income, golf and other sports income. Financial returns have been preliminarily calculated, but will ultimately be defined by the private-state partnership arrangements established.

Key findings are as follows*:

Lodge, Aquatic Center, Cabins and Campground

Number of Lodge Rooms	108
Average Occupancy Rate	58%
Average Room Rate	\$120
Daily Admission Waterpark	\$13
Average cabin Occupancy	\$140
Cabin Receipts	\$945,000
Conference facility Receipts	165,000
Total Revenue	\$5,372,000
Total Expenses	\$3,791,000
Net Operating Income	\$1,581,000

Golf Course

Annual Rounds Played	25,000
Green Fees	\$45
Total Revenue	\$1,497,000
Total Expenses	\$1,119,000
Net Operating Income	\$333,000

* Does not include potential income and expense associated with RV campground, boat docks, beach and enclosed picnic shelters.

Submittal Materials

Any party interested in participating in this project as a whole or in any of its numerous individual components is encouraged to respond to this Request for Expressions of Interest..

Interested developers shall submit the following materials organized as listed below. Concise submittals are encouraged.

1. Description of the principal development company including:
 - Years in operation,
 - Latest Dunn and Bradstreet report
 - Owners and partners,
 - Number and types of employees, and
 - Annual Financial Report.
2. Description and qualifications of development team.
3. Statement of willingness and ability to utilize ecologically-sensitive design materials and sustainable practices in compliance with U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) certification.
4. Statement of willingness and ability to accommodate intended special management practices (i.e. Stewardship Plans and Integrated Pest Management.)
5. Statement of proposed program/product modifications, if any.
6. Experience with comparable projects (Standard Form 330.
7. Photographs and locations of other projects developed by the principal development company.
8. At least three references from other public sector partners or communities where the developer has developed projects.

The Process

Distribution of RFQ..... 20 Oct 2005

Response to the RFQ by 18 Nov 2005

Short List by 2 Dec 2005

On site meeting for short-listed firms.. 9 Dec 2005

Deadline for written questions 16 Dec 2005

Written Response to
all written questions 13 Jan 2006

Formal Proposals due by 31 Jan 2006

Presentations/Interviews completed by .. 17 Feb 2006

Natural Resources Commission
Approval of MOU 9 Mar 2006

Flexibility is encouraged. The State of Iowa views the proposed park development as outlined in this RFQ as one scenario, but will be open to considering alternative proposals as long as the overall goals of providing high-quality, family-oriented recreation and vacation opportunities are met. Other key concerns are (1) the priority for providing debt service on revenue bonds and (2) the ongoing protection of high-quality natural resources of the site and of Rathbun Lake itself are also a priority concern.

Submittal Contact

The above materials described in section 2.1 shall be submitted to:

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Project Coordinator
Iowa Department of Natural Resources
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